

**MINUTES OF THE
CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK**

For the meeting held on
Tuesday, June 19, 2007 – 1:30 p.m.
1001 I Street, Second Floor
Sierra Hearing Room
Sacramento, California 95814

Chairman Garrett Ashley called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at approximately 1:35 p.m.

1. Call To Order and Roll Call.

Garrett Ashley represented the Secretary of the Business, Transportation and Housing Agency.
Francisco Lujano represented the State Treasurer.
Scott Harvey represented the Secretary of the State and Consumer Services Agency.
Anne Sheenan represented the Director of the Department of Finance.
D. Everett Rice, Governor's appointee, was present.

The following staff members were in attendance: Stan Hazelroth, Brooke Bassett, Barbara Lewis and Diane Cummings.

2. Executive Director's Report.

Executive Director Stan Hazelroth informed the Board of recent inquiries regarding the I-Bank serving as a conduit issuer of 501(c)(3) tax-exempt bond financings for nonprofit religious schools. Mr. Hazelroth indicated that based on a March 2007 ruling by the California Supreme Court (Court) involving a California Statewide Communities Development Authority case that clarified some of the legal issues associated with such financing, the I-Bank intends to begin accepting applications for these types of financings. He also apprised the Board that there is no need to make any changes to the eligibility criteria or the application for 501(c)(3) conduit financings, and that covenants will be added to the loan agreement in connection with these projects and additional monitoring will be required to ensure continued compliance with the Court decision. Mr. Hazelroth also mentioned that the Board would be considering the approval of an interagency agreement with Cooperative Personnel Services (CPS) at this meeting.

Consent Items:

3. Approve minutes from the meeting held on May 22, 2007.

Chairman Ashley asked if there were any corrections or additions to the minutes. There being none, he entertained a motion to approve the consent item. Ms. Sheehan moved to approve the minutes and D. Everett Rice seconded the motion. The Board unanimously approved the minutes.

Action Items:

4. Adopt a resolution approving Infrastructure State Revolving Fund (ISRF) Program financing for the County of Shasta in an amount not to exceed \$2,000,000.

Ms. Cummings presented a staff report in which she explained that the County of Shasta is requesting \$2,000,000 for the Redding Regional Septage Impoundments Expansion Project to construct two disposal impoundments with dump station pads, three evaporative ponds and a service road, and install related piping at their existing facility. Ms. Cummings introduced Casey Scott, Department of Public Works Supervising Engineer of the County of Shasta. Chairman Ashley asked for any questions or comments from the Board and from those present; there were none. Chairman Ashley entertained a motion to approve Resolution No. 07-16. Ms. Sheehan moved to approve the resolution and Mr. Lujano seconded the motion. The Board unanimously approved the resolution.

5. Adopt a resolution approving ISRF Program financing for the Eureka Redevelopment Agency in an amount not to exceed \$2,000,000.

This item was removed from the agenda.

6. Adopt a resolution approving a modification of the project description in connection with a previously-approved ISRF Program financing for the County of Kern.

Ms. Cummings presented a staff report in which she explained that the County of Kern is requesting a modification to its previously approved ISRF Program financing. She indicated that the request for improvements to the Kern County Supervisorial District 5 Curb, Gutter, and Drainage Improvements Project was unanimously approved by the I-Bank Board in October 2006, for three project component areas: East Bakersfield, Lamont, and Descanso Park. She further explained that the County has since gone out to bid and has found that the bids for one project component area came in substantially lower than anticipated, and is now requesting to utilize the cost savings to add similar infrastructure improvements in a fourth Project area, La Loma, as well as to add construction of sidewalks to all four project component areas. Ms. Cummings confirmed that there is no increase to the ISRF Program loan amount.

Ms. Cummings replied to a question from Mr. Harvey and explained that the County anticipates approximately \$3 million in savings, and that some of the savings has already been realized since bids were received for the first of the three original project component areas, but if the additional savings was not realized from bids in the other project component areas, the amount of curb, gutter and sidewalk work would be scaled back to accommodate the funding amount. Mr. Ashley asked for any questions or comments from those present; there were none. Chairman Ashley entertained a motion to approve Resolution No. 07-17. Mr. Rice moved to approve the resolution and Mr. Harvey seconded the motion. The Board unanimously approved the resolution.

7. Adopt resolution approving the sale, issuance and delivery of 501(c)(3) revenue bonds for the Young Men's Christian Association of Metropolitan Los Angeles, or a related party (Los Angeles) for an amount not to exceed \$30,000,000.

Ms. Lewis presented a staff report in which she stated that the Young Men's Christian Association of Metropolitan Los Angeles (YMCA) is requesting the I-Bank to issue up to \$30 million of publicly-offered fixed rate revenue bonds to advance refund a portion of the outstanding \$37,000,000 Revenue Bonds issued by the I-Bank on behalf of the YMCA in 2001. She further stated that the YMCA estimates the refunding will generate a total present value savings of \$1.2 million, or \$46,000 per year. Ms. Lewis introduced Marsha Bowman, Executive Vice-President of Finance and Chief Financial Officer of the YMCA. Chairman Ashley asked for any questions or comments from the Board; there were none. Chairman Ashley then asked for any questions or comments from the public; there were none. Chairman Ashley entertained a motion to approve Resolution No. 07-18. Ms. Sheehan moved to approve the resolution and Mr. Harvey seconded the motion. The Board unanimously approved the resolution.

8. Adopt resolution authorizing a human resources consulting services contract with Cooperative Personnel Services.

Mr. Hazelroth presented a staff report in which he asked the Board to approve an interagency agreement between the I-Bank and Cooperative Personnel Services, a governmental agency, to assist the I-Bank with organizational staffing needs and civil service classification and compensation analysis. Mr. Hazelroth mentioned that since 1998, the I-Bank has financed over \$6.5 billion for hundreds of infrastructure projects throughout California, and that during this period, the I-Bank lost four staff with the closure of the Technology, Trade and Commerce Agency and four positions in the across-the-board cuts made in Fiscal Year 2002-2003. Mr. Hazelroth advised the Board that the I-Bank, a key infrastructure financing entity for the Administration, currently operates with the remaining 20 staff, that there is a lack of adequate staff resources, and that the classification levels and pay levels need to be re-examined within the I-Bank's current organizational structure. Mr. Hazelroth stated that it would be advantageous to the I-Bank to obtain the assistance of an organization with the qualifications and capacity to assist the I-Bank with a study of this nature and that, based upon internal discussions and conversations with other state agencies and departments, staff believes that CPS has extensive expertise and experience to provide such services. Mr. Hazelroth then introduced Michael Navarro, who will be the CPS consultant on the project.

Mr. Navarro responded to a question asked by Ms. Sheehan that the hourly pay scale for CPS staff would be at a rate of \$190 per hour for the Project Manager, \$175 an hour for the Lead Consultant, and \$155 an hour for Staff Consultants, and that these rates are consistent with hourly rates currently charged other state agencies.

Mr. Navarro then responded to a question from Mr. Harvey and stated that CPS will make every effort to coordinate with other State agencies to ensure the I-Bank work product is consistent

with the State's human resources modernization efforts, or that it will at least set the foundation necessary to make that transition easier, even though the modernization efforts will not occur overnight. Mr. Harvey then asked questions about the retiring workforce and whether CPS would be doing anything to build leaders for the I-Bank and allow for active recruitment, as well as including acceptable performance measures in the contract. Mr. Navarro stated that with a sound classification plan that allows the I-Bank to recruit and retain the right people, the I-Bank management could begin to develop tomorrow's leaders, and agreed that acceptable and specific performance measures will be included in the contract.

Ms. Sheehan and Mr. Navarro also exchanged comments regarding the need to work within existing job classifications, if possible, rather than create new ones. Chairman Ashley then asked for any questions or comments from the public; there were none. Chairman Ashley entertained a motion to approve Resolution No. 07-19. Mr. Harvey moved to approve the resolution and Ms. Sheehan seconded the motion. The Board unanimously approved the resolution.

Other Business.

Chairman Ashley called for any other business; there was none.

Public Comment.

Chairman Ashley called for any public comment; there was none.

Adjournment.

Chairman Ashley adjourned the meeting at approximately 1:55 p.m.